



All India RRB Officers' Federation (AFFILIATED TO AIBOC)

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Circular #10:2018

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All Affiliates/ Members
(Please re-circulate)

- 1. RELEASE OF BOOK : "INDIAN BANKING-CURRENT CHALLENGES & ALTERNATIVE FOR THE FUTURE"**
- 2. WORKSHOP ON CHALLENGES FOR BANKS AND WAY FORWARD**

We reproduce hereunder the text of All India Bank Officers' Confederation Circular No. 03 dated 28th January, 2018.

QUOTE

The AIBOC has roped in two economists of fame who contribute articles to leading dailies and periodicals and working with Jawaharlal Nehru University, New Delhi. The economists, namely Dr. C.P. Chandrasekar and Dr. Jayati Ghosh have analysed the history of banking in India, pre and post nationalisation, looked into the present scenario and came out with alternative solutions for the future. This has been compiled in a book which has been released in a well attended function held at the SBIOA Junior College & School at Anna Nagar West Extension, Chennai on 27th January, 2018 at 6 p.m.

The function was presided over by the president of AIBOC Com. Dilip Saha in the presence of Com. Y. Sudarshan, Chairman of AIBOC, Com. D.T. Franco, General Secretary of AIBOC, Com. Nagarajan, General Secretary of AIBOA, Comrade Debashish Ghosh, Senior Vice President, Com. Harshavardhan, advisor to AIBOC, Com. Sekaran, General Secretary T.N. State Unit of AIBOC and Com. Krishnan, President of TN. State Unit of AIBOC.

Com. Dilip Saha, in his presidential address lauded the effort of the authors of the book for their interest and concern shown in the health and future of public sector banks and for bringing out a thoroughly researched book.

Com. Sekaran, welcomed the participants and remarked that AIBOC is the only organisation taking the lead to bring out the evil designs of the government and trying to safeguard the interest of the people and the nation.

Com. Debashish Ghosh and Com. Harshavardhan felicitated the professors Shri C.P. Chandrasekar and Smt. Jayati Ghosh with mementoes.

The book was released by Com. Y. Sudarshan, Chairman, AIBOC and was received by Com. S. Nagarajan, General Secretary of AIBOA. In his speech he recollected that in 2006, the AIBOC embarked on a study of the "Neo Liberal Policies and it's Impact' in which Dr. C.P. Chandrasekan was also involved. Hence, he felt it is a happy occasion that they could once again contribute to the cause of PSBs. Mutual trust is the underlying concept behind banking. Although the banking has



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undergone a sea change the Trust behind banking remains . However, due to the introduction of the FRDI Bill, there is challenge in the concept itself putting the Trust factor into oblivion. The FRDI Bill is the culmination of efforts by various governments under the influence of the International Financial institutions to weaken the PSB banks. The government, after our initiatives to bring out the truth behind the government's move to destabilise the banks, has now come forward to provide the capital required.

The government has attempted to implement their plans by identifying banks with larger NPA levels, through 'Turn Around Plan' and 'Prompt Corrective Measures' which are designed to neutralise their existence. At last came the FRDI bill , which in it's present form is an attempt to save the corporate borrowers by setting off their outstanding by utilising the retail deposits. To achieve this, there is an attempt to merge or close the banks. In the FRDI bill, the proposal of 'Bail IN' is an attempt towards this. The bills also put restrictions for redressal through legal forums. In these circumstances, the government is in a flex, whether to follow the policy of privatisation or to continue with the social responsibility measures.

Com. Nagarajan, General Secretary of AIBOA, felt happy to be with the people who put their thoughts and words across the media to support our cause. Organisationally he felt honoured and individually felt privileged to receive the first copy. The attack by this government on the banks is going to be vigorous in the coming months, he cautioned. The IDBI was pulled down by 645 corporates who defaulted in their loan repayments. The government is being led by capitalists and there is a definite shift towards paperless, digital banking ignoring the under privileged people of this country. The irony is that when they speak of consolidation in respect of PSBs, they did allow the Airtel and Reliance to open Payment Banks. When the government wanted to implement the Jan Dhan initiative, we were behind the success of the scheme. When, the larger political parties are not taking the issues with the government, we, the trade union have a larger role to play and felt assured that the authors of this book who are well known columnists and economists are with us.

Dr. C.P. Chandrasekar in his address felt that it has been a privilege for them to be associated with AIBOC on several occasions. This is crucial time in Indian Banking, you can understand from the book, Although, the banks are saddled with large amount of NPAs, the trust by the people in the government's role to safeguard their interest saved the situation. It is the duty of the government to recapitalise the banks by funds from the budget or RBI or from both. The Indian government is trying through the RBI or Finance ministry or through the various committees, to get the banking system into a situation to move the public nature of the banks to private hands. There was an attempt by the private banks to take advantage of the private deposits available with the bank before the Indian independence which is repeating itself.



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If you look back, the government, after independence, tried hard to make the then private banks to assist the small scale industries, agriculture and the underprivileged but with little luck. Hence, ultimately, the government had to nationalise 1969, to achieve its goal. If we look at the record after the nationalisation, there is a dramatic movement of credit towards the various sectors of the society is proved by various kind of evidence available. Now, there is a shift to look at the same banks as inefficient. Their only aim is to restore the control of the banks into private hands, as before. It is being done through various measures, such as advancing huge amounts to the private sector and make them defaulters and hence create a situation to present a bleak future for the banks.

There are other countries like Brazil, China which helped restore the capital of banks by providing funds from the government coffers. The issues is the corporates which have defaulted with loan repayments are saddled with huge infrastructure projects such as coal mines, power plants, road building etc. Hence, you need a special bank to finance infrastructure financing which has become the bane of the present NPA level of the banks. In these circumstances, the entry of ECB has made inroads and the banks have no place to lend but to the retail sector. Hence, the government should rather help the banks lend to the other areas by bringing in or amending suitable policies.

Dr. Jayati Ghosh, felt proud and privileged to be part of this effort by bankmen. We know as economists that without the participation banks, the country cannot progress. Let me add little bit about the failure of neo liberalisation and what AIBOC can do in the future. The expansion of the terms of priority sector rather reduced the access to these funds by the sector. The countries that developed have done so by expanding their banking system by giving them access to productive finance. We had multiplicity of banks to meet the demands and needs of various sectors of the society. The progressive decline of the same was due to the government's policies which discouraged their existence itself.

Although the government has brought in Jan Dhan Yojana as financial inclusion attempt, in reality the opposite is happening through government's policies. The demonetisation by the very manner in which it was conducted was an attack on people and the banking system. The bankers were made to pay for the ill thought out exercise. Ultimately, the bankers despite their contribution were made as scapegoats. It went against small time operators. the small depositors were made to suffer. The critical thing is what AIBOC should do is to take the message about the public sector banks and their stellar role in banking, finance and the development of the country. The goal of profitability is falsely promoted whereas the PSB banks are saddled with social obligations which are more important to our country than making profit. We need to make all the beneficiaries of banking to understand the advantages of Nationalisation and the importance of its existence and its advantages. We need to make them understand that the marginalised society they could not advance to them due to the government's wrong stress on productivity and profitability putting aside its social responsibility. We need to take the positive growth of the banks to the public.



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The greater finance agility, the people were exposed to, are due to the public sector banks. As we don't have wider social, political base, we need to reach wider platforms. The impact of the denials of the benefits, the digitisation effort and its effect should be taken to the people and we also have a responsibility towards this end. The potential gains which we would be able to achieve by allowing the financial institutions, as they should be has to be spread to the society at large. Yes, there is going to be much more pressure on the banks, hence it is urgent to make many more people to understand the need for reaching out to the general public.

Com. D.T. Franco in his concluding remarks said that the AIBOC in 2004 constituted a committee to study the Neo Liberal Reforms on the economy in which Com. C.P. Chandrasekar was a member. Dr. Jayati Ghosh contributed to the report and it was released in 2006. It made us to understand the reality and made the AIBOC to stand along with UFBU against the reforms. Today, after a decade, the public sector banks remains so due to our effort. It is told that You have to entrust the work to the busiest person to get the work done, and we have rightly done so by roping in these two busiest economists. They do contribute to Frontline, Business line, regularly and we have decided to entrust this job to them and this book has been brought out in record time within two months so that we can hand over this book all the parliamentarians before the Budget Session. There are many of them who take serious note of the development that are taking place in the nation.

He mentioned about the experiment of placing a shark and small fish in a small tank with a partition and made the shark to catch it and it would become tired after several attempts which is exactly what the government do to the people. But we cannot remain spectators, and reach out to the people to carry the true picture to the underprivileged. I believe in the story of Goliath and David, as you know what happened when we took with FRDI bill and now the whole nation is against it. We attempted to talk to the JPC chairman and received negative reply and we took up the matter with the speaker of the Lok Sabha and Vice president of the country, who is the speaker of the Rajya Sabha and finally we were heard. The committee members put serious questions and they understood the origin of the bill. Hence, with the AIBOC's efforts, if we continue our struggle, with the guidance of AIBOC, we can stop the bill. We are not going to remain with the publication of this book, we would see that it reach all those people who matters. We would take this movement to march forward. We need to build strong alliance with the people. We would translate this book into various other languages also.

Let us safeguard this country and change the course of this government to an alternate path and see that it is implemented.

Com. A. Krishnan, proposed vote of thanks.

Workshop on Challenges For Banks and Way Forward

As decided in the last Executive Committee meeting held at Guwahati, a two day workshop on "Challenges for Banks and Way Forward", was organized at the



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Kamaraj Auditorium of SBIOA Junior College & School at Anna Nagar West, Chennai on 27th and 28th January, 2018. More than 35 comrades from our affiliates participated in the training programme.

The programme was designed and conducted by Shri K. Neelamegan, former Chief Manager of Indian Overseas Bank assisted by Com. Bhavani Sankar, former Manager of State Bank of India. Shri Neelamegan, is qualified Cost Accountant and has assisted the IOB in their Balance Sheet preparation all along his career.

The programme was inaugurated in the presence of Com. Dilip Saha, President, Com. Y. Sudarshan, Chairman, Com. D.T. Franco, General Secretary, Com. Harshavardhan, Advisor, Com. Debashish Ghosh, Sr. Vice President and advisor Com. S.K. Bhattacharya.

The programme was designed to have thorough insight of the preparation of Balance Sheet, the nuances of hiding or highlighting various figures to arrive at parameters at the whims and fancies of the top management. It laid particular emphasis on Profit & Loss Assessment, Provisioning, NPA management, Establishment expenses and so on. The balance sheets of almost all the public sector banks for the past three financial years were analysed and an Excel Sheet was prepared throwing light into their workings.

It provided vital information to the participants and gave confidence to them to post probing questions to the top management based on the quarterly financial results. Nowadays, it has become imperative to be well informed and knowledgeable to tackle the management which would bore fruit than by traditional methods. Hence, it was golden opportunity for the participants to understand the various methods and types of balance sheets and also gave them an idea of suggesting solutions to problems to the management. The NPA management and Provisioning have become the order of the day and become an excuse for the management to deny our rightful share of our hard work through monetary benefits.

The programme instilled lot of confidence in the minds of the participants and prepared them for the future to face their respective management armed with knowledgeable and informed data. The participants were given a detailed Excel Sheet of the last three years analysis of their respective banks' Balance Sheet, and projected alternatives. Soft copy also has been provided.

Please discuss the issues in your committees and take it up with the Managements. Hence, meaningful discussion on Turn Around Plan and Prompt Corrective Action can take place.

UNQUOTE

With greetings,

(S.K. Bhattacharjee)
GENERAL SECRETARY